

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

LEONARD TERRY LICHT,
Plaintiff,

v.

TINA LING and LUXKEY,
Defendants.

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Civil Action No. 3:23-cv-1018-x

MEMORANDUM OPINION, ORDER, AND
FINAL JUDGMENT

Plaintiff Leonard Terry Licht invested \$2,755,000 in what he thought was a cryptocurrency mining pool with defendants Tina Ling and Luxkey. But Ling and Luxkey were mining him, not crypto. Licht sued Ling and Luxkey for securities fraud, fraud, conversion, and a violation of the Texas Theft Liability Act. The defendants never appeared, including at the preliminary injunction hearing. The Court previously entered a preliminary injunction. Licht now moves for a default judgment that includes a damages award, a permanent injunction on the cryptocurrency wallets, and pre- and post-judgment interest (Doc. 33). For the reasons below, the Court **GRANTS** the motion for default judgment and enters judgment in favor of Licht.

I. Background

In June 2021, a few years after his wife's death, Licht received a Facebook message from a woman named Tina Ling. Licht and Ling conversed for several months via the Facebook HangOuts app. Eventually, at Ling's urging, Licht agreed

to become a passive investor in a cryptocurrency mining pool—or so he thought. Ling introduced Licht to Luxkey, an online enterprise that she assured him would safely facilitate his investment and ensure his principal was never at risk. Ling instructed Licht about downloading the Coinbase app, which displayed what appeared to be the yields of his mining investments. Encouraged, Licht continued investing.

Once Licht had invested \$500,000 in Luxkey, things started to go south. Ling told Licht—for the first time—that he had to invest at least \$2,000,000 or he’d risk being charged fees and fines. Licht complied. Then, Ling and others at Luxkey told Licht he owed a “miner’s fee” of 20%, or \$400,000. Worried, Licht paid it. Ling offered to loan Licht \$100,000 to pay the fee and Licht accepted. Then, others at Luxkey admonished Licht that such a loan was not permitted and fined him another \$300,000. When Licht contacted Luxkey about the fine, he was told that he owed an additional \$400,000, but at that point, having invested almost all of his life savings, Licht could pay no more.

At this point, things took a dark—if sadly predictable—turn. Luxkey informed Licht that his funds would be frozen and distributed to the other investors in the cryptocurrency mining pool. His Coinbase wallet was remotely accessed, and his funds were transferred away. It is now clear to Licht that the “mining pool” never existed, Licht was the only member, and the entire enterprise was designed to maximize Licht’s investment before stealing it.

All told, Licht invested \$2,755,000 in Luxkey and he lost every dollar. In his declaration, Licht states that he never would have invested in Luxkey if he’d known

that his “principal would be at risk, that there would be minimum investment amounts, or that there would be fines or other charges.”¹

Licht hired a “blockchain forensics and cybercrime investigative firm” to trace the stolen funds.² The investigation yielded the addresses of several specific cryptocurrency wallets located across various cryptocurrency exchanges or platforms.

Licht sued Ling and Luxkey, alleging (1) violation of Section 10(b) and 10b-5 of the Securities Exchange Act of 1934, (2) fraud, (3) conversion, and (4) violation of the Texas Theft Liability Act.³

The Court’s preliminary injunction ordered: the freezing of cryptocurrency wallets at issue; that all movement, alteration, or destruction of books, records, and accounts related to the above-listed wallets is prohibited; and that the parties conduct expedited discovery. Licht ultimately obtained a clerk’s default and moved for default judgment.

II. Legal Standards

Federal Rule of Civil Procedure 55(b)(2) provides that, in proceedings not involving a certain sum:

the party must apply to the court for a default judgment. A default judgment may be entered against a minor or incompetent person only if represented by a general guardian, conservator, or other like fiduciary who has appeared. If the party against whom a default judgment is sought has appeared personally or by a representative, that party or its representative must be served with written notice of the application at least 7 days before the hearing. The court may conduct hearings or make referrals—preserving any federal statutory right to a jury trial—

¹ Doc. 6 at 5.

² Doc. 6 at 11.

³ Doc. 1 at 4–6.

when, to enter or effectuate judgment, it needs to:

- (A) conduct an accounting;
- (B) determine the amount of damages;
- (C) establish the truth of any allegation by evidence; or
- (D) investigate any other matter.⁴

A default requires a court to accept as true a plaintiff's well-pled allegations in a complaint.⁵

In determining whether to enter a default judgment, courts conduct a two-part analysis. First, courts examine whether a default judgment is appropriate under the circumstances.⁶ Relevant factors (called the *Lindsey* factors) include: (1) whether disputes of material fact exist; (2) whether there has been substantial prejudice; (3) whether grounds for default are clearly established; (4) whether the default was caused by a good faith mistake or excusable neglect; (5) the harshness of a default judgment; and (6) whether the court would be obliged to grant a motion from the defendant to set the default judgment aside.⁷ Second, the Court assesses the merits of the plaintiff's claims and whether there is a sufficient basis in the pleadings.⁸

III. Application

The Court deems the facts on liability to be admitted and finds Ling not to be

⁴ Fed. R. Civ. P. 55(b)(2).

⁵ See, e.g., *Wooten v. McDonald Transit Assocs., Inc.*, 788 F.3d 490, 499 (5th Cir. 2015) (a complaint is well-pled when "all elements of [a] cause of action are present by implication"); *In re Dierschke*, 975 F.2d 181, 185 (5th Cir. 1992) ("It is universally understood that a default operates as a deemed admission of liability.").

⁶ *Lindsey v. Prive Corp.*, 161 F.3d 886, 893 (5th Cir. 1998).

⁷ *Id.*

⁸ *Nishimatsu Constr. Co., Ltd. v. Houston Nat'l Bank*, 515 F.2d 1200, 1206 (5th Cir. 1975).

incompetent, a minor, or on active-duty status with the Uniformed Services of the United States of America.⁹ And while Rule 55 allows for hearings, it does not command them. Licht's motion is supported by the prior sworn preliminary injunction evidence on damages. As a result, a ruling without an additional hearing is proper.

A. Procedural Appropriateness of Default Judgment

The Court now turns to the six *Lindsey* factors. First, there are no material facts in dispute because the defendants have not filed any responsive pleading. Second, regarding substantial prejudice, the defendants' failure to respond could bring adversarial proceedings to a halt and substantially prejudice Licht, but not themselves. Licht first filed his complaint in May 2023. Third, the defendants' continual failure to respond or participate in this litigation clearly establishes grounds for the default. Fourth, regarding mistake or neglect, there is no reason to believe the defendants are acting under a good faith mistake or excusable neglect. Fifth, regarding the harshness of a default judgment, the Court is only awarding actual damages in the amount of the defendants' theft (as well as interest). The sixth factor is whether the Court would grant a motion to set aside the default. The pleadings, the lack of response, and, consequentially, the failure to plead a meritorious defense indicate a lack of good cause for the Court to set aside the default judgment. Thus, the Court concludes a default judgment is appropriate under these

⁹ As the declaration from Licht's counsel points out, the lack of a date of birth for Ling means we cannot adequately search whether she is in active service. But Licht's status as a foreign national in Cambodia enables the Court to make this finding.

circumstances.

B. Sufficiency of Licht's Claims

Next, the Court must assess the merits of Licht's claims. Licht seeks a permanent injunction that mirrors the Court's preliminary injunction. The Court concludes its prior analysis for preliminary injunctive relief still controls and warrants permanent injunctive relief freezing the crypto wallets at issue.

In addition to injunctive relief, Licht seeks damages in the amount that he invested with Ling and Luxkey. While Licht brought four claims, the Court needs to assess only one successful claim. One of Licht's claims is for a violation of the Texas Theft Liability Act. Licht must prove that Ling and Luxkey committed theft,¹⁰ defined as when one "unlawfully appropriates property with intent to deprive the owner of property."¹¹ And such an action is unlawful if "it is without the owner's effective consent."¹² The complaint alleges the defendants took Licht's cryptocurrency investments without his effective consent. Thus, Licht adequately pleads his Texas Theft Liability Act cause of action.

B. Damages

Licht's declaration establishes that he sent Ling and Luxkey \$2,755,000 for investment (and they violated the Texas Theft Liability Act by not returning it). Thus, the Court awards actual damages of \$2,755,000, jointly and severally against

¹⁰ Tex. Civ. Prac. & Rem. Code § 134.003(a) ("A person who commits theft is liable for the damages resulting from the theft.").

¹¹ Tex. Pen. Code § 31.03(a).

¹² *Id.* § 31.03(b)(1).

the defendants.

Licht is also entitled to pre-judgment interest. As the Texas Theft Liability Act is here on diversity jurisdiction, state law governs an award of pre-judgment interest.¹³ Under Texas law, “an equitable award of pre[-]judgment interest should be granted to a prevailing plaintiff in all but exceptional circumstances.”¹⁴ In this case, pre-judgment interest began to accrue the date Licht filed suit: May 8, 2023.¹⁵ Under Texas common law, equitable pre-judgment interest accrues at the applicable rate for Texas’s post-judgment interest rates.¹⁶ The current post-judgment interest rate in Texas is 7.5%.¹⁷ Pre-judgment interest should run from May 8, 2023, the date Licht filed suit, to the day before the date of this judgment, which amounts to \$447,718.76 when compounded annually.¹⁸

Licht is also entitled to costs of Court. He should file a bill of costs within 14 days.

If Licht seeks attorney’s fees,¹⁹ he must file a motion with supporting evidence within 14 days of the date of this judgment.

¹³ *Meaux Surface Prot., Inc. v. Fogelman*, 607 F.3d 161, 172 (5th Cir. 2010).

¹⁴ *Bituminous Cas. Corp. v. Vacuum Tanks, Inc.*, 75 F.3d 1048, 1057 (5th Cir. 1996) (cleaned up).

¹⁵ See, e.g., *Craig v. GACP II, L.P.*, No. 3:19-CV 0058-G, 2022 WL 1778392, at *8 (N.D. Tex. Jun. 1, 2022) (Fish, J.).

¹⁶ See *id.*; see also Tex. Fin. Code § 304.003.

¹⁷ See Interest Rates, Tex. Off. of Consumer Credit Comm’r (June 3, 2025), <https://occc.texas.gov/publications/interest-rates> [<https://perma.cc/98V7-4LD8>].

¹⁸ May 8, 2023, to June 4, 2025, is 759 days. And this amount should be compounded annually. See Tex. Fin. Code § 304.006. So daily pre-judgment interest is \$566.10 a day for year one (\$206,626.50 for year-one interest), \$608.55 a day for year two (\$222,120.75 for year-two interest), and \$654.19 a day for the final 29 days (\$18,971.51).

¹⁹ Tex. Civ. Prac. & Rem. Code § 134.005(b).

Finally, Licht is entitled to post-judgment interest as allowed by law, which is 4.12%.²⁰ This accrues on pre-judgment interest and damages.

C. Injunction

The Court also converts its preliminary injunction to a permanent injunction and **ORDERS** that the following cryptocurrency wallets at the corresponding exchanges or platforms be frozen immediately, and remain frozen until Licht is able to access and recover the stolen funds contained therein:

Name of Exchange or Platform	Exchange or Platform Deposit Address
Binance	0x250e8ac97e54b7f92a0428fa1f5cb78a03053624
Binance	0xd4e295af4ca1662485bbef448c7773e27cf54158
Binance	0xea5331f5f39c6e3801e4fd63d99e75b2a527d032
Binance	0x0xA1c1eC2243FCff4f61681f79c69451F2FA6EbF82
Binance	0xa1dd1d2b9af00e93db3593096441425e9d9a83da
Binance	0x37b8804e7752afd06a932ce7a76516d2e7ceec89
Binance	0x848c23684c817a8c4351ab903cb33b30fc8fa761
Binance	0xea49d4d99e9de3acdce8ba59a903f1ce9e8323d8
Binance	0x192cf96bdd66e5b6ffad7c1a6250fa66a40681c9
OKX	0x4daa5e56b5855f43036e896d22d9156f2ce368ec
OKX	0x8bc175a0da8a7900049d3a0180cab4e1c8166d68
OKX	0xaa8062bde8f8f114626515d4c0f5fa65712476be
OKX	0x590de531c5d172e0e2b982c47823ec2fc632ee42
OKX	0x625871ac5bd95d753bc6119fb701be0c436a7032

²⁰ See 18 U.S.C. § 1961(a) (“Interest shall be allowed on any money judgment in a civil case recovered in a district court. . . . Such interest shall be calculated from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the date of the judgment.”). The 1-year average Treasury yield on June 2, 2025 was 4.12%. See Selected Interest Rates (Daily) - H.15, Board of Governors of the Fed. Rsrv. Sys. (June 3, 2025), <https://www.federalreserve.gov/releases/h15> [<https://perma.cc/8KCP-FCTQ>].

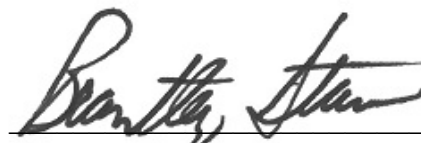
Huobi	0x19813E395E1e5062F981597b3894d1b3920785F7
Huobi	0xf8b43d9f0fdaf234256d53e8e409b0b01dfbb37f
FTX	0x089830e40363401a6dda0bf093da8efe0240fd71
FTX	0xa59712cde1c7781ec2f745611dd4a37791b3f9ce
Yolo	0xd5e5bcd233582a6558dd163130c5e1f3eb45ca50
B2C2	0x2BD179b1800e0afa087CEda12A1Dd26e5DA53CfB

The Court **ORDERS** that all movement, alteration, or destruction of books, records, and accounts related to the above-listed wallets is prohibited. Accordingly, the defendants and the exchanges shall be restrained and enjoined from destroying, altering, or concealing any documents, accounts, passwords, cryptographic keys, instruments, or data relating in any manner to the wallets listed above or the subject-matter of this lawsuit.

IV. Conclusion

For the foregoing reasons, the Court **GRANTS** Licht's motion for default judgment jointly and severally against the defendants. The Court awards Licht \$2,755,000 in actual damages, \$447,718.76 in pre-judgment interest, post-judgment interest at 4.12%, and the injunctive relief specified above. Licht shall file a bill of costs and a motion for attorney's fees within 14 days of the date of this order. This is a final judgment. All other relief not expressly granted is denied.

IT IS SO ORDERED this 5th day of June, 2025.



BRANTLEY STARR
UNITED STATES DISTRICT JUDGE